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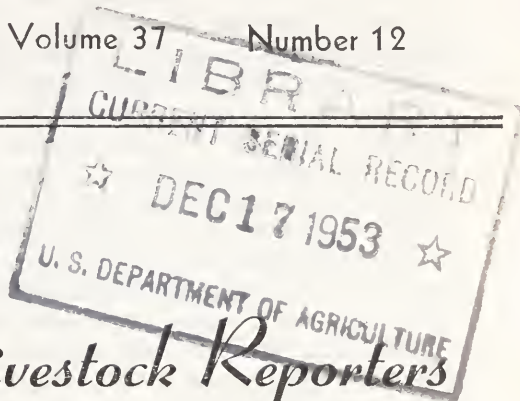
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THE Agricultural Situation

DECEMBER 1953

Volume 37 Number 12



A Letter to Crop and Livestock Reporters

From Sterling R. Newell, Chairman
Crop Reporting Board

*More rapid than eagles, his coursers they
came,
And he whistled and shouted and called
them by name—*

*"Now Dasher, now Dancer, now Prancer and
Vixen,*

*On Comet, on Cupid, on Donder and
Blitzen.*

*To the top of the porch, to the top of the
wall,*

*Now dash-away, dash-away, dash-away all."
As dry leaves that before the wild hurri-
cane fly*

*When they meet with an obstacle mount
to the sky.*

*So up to the house top, the coursers they
flew,*

*With a sleigh full of toys and St. Nicholas
too.*

NOW, YOU CAN PUT ME DOWN
as a sort of sentimentalist, who
approaches his second childhood, espe-
cially at this time of the year. But,
honestly, I still get a big thrill out of
that old poem by Clement C. Moore,
and particularly that passage. Maybe
it's because I can still remember my
father, who was a rather stern individ-
ual in some respects, as he sat in the

ring of light, cast by the big oil lamp
that stood on the living room table,
reading that poem to his eight children
gathered around listening intently, as
he put all of the drama into each pas-
sage as only *he* could.

What could be more exciting to a
small boy than to imagine himself fly-
ing through the air with old St. Nick
and his magical sleigh, traveling at the
speed of the wind, bringing goodwill
and happiness to the households
throughout the world?

Maybe your little boys of today will
remember the "old gentleman" as
traveling in a supersonic jet-propelled
airplane. But to me no modern gadget
can ever carry the thrill and romance
of my mental picture of the "jolly old
elf," as he stood in his sleigh whistling
and shouting . . . his long whip crack-
ing like a pistol over his flying team of
reindeer. Well, you can have your
memories, I have mine, and our chil-
dren will carry their own. But what-
ever our memories, the fact is this "old
fellow with the long white whiskers"

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Letter to Crop and Livestock Reporters

(Continued from cover page)

still holds full sway in this country of ours . . . and binds all of us together in a sort of brotherhood that finds universal expression at this season of the year.

And now as we approach the end of the year, it seems to me fitting that I say something about this great brotherhood of crop reporters and crop statisticians, who are bound together by a mutual interest to serve themselves, the community, and the nation.

You have done your job providing the information to us. We hope that we have merited your confidence in us and have returned to you information that has made your job easier.

The crop season just past has been marked with good spots, some good crops and some not so good . . . the drought has hurt many areas. By and large, the total crop production has been large—the third largest on record. Drought burned up pastures over wide areas of the country and many farmers have found it necessary to feed before winter really started what they had planned on carrying them through the entire winter.

These things have left scars, but the fall rains in most areas broke the drought. Now, let us hope that the winter rains and snows will replenish the thirsty soil far down, reviving the pastures and providing the moisture necessary for good crops in another season.

It is said that "Hope springs eternal in the human breast" and I think this is particularly applicable to those who work the soil, or work with livestock. It is their habit to look ahead. What's done is done, but tomorrow is a new day. And each new day brings new challenges and new opportunities. It is this habit of thought which I believe, more than any other single thing, is responsible for the progress we have made in this great country—the greatest in all the world. And now, I would like to say for all of us—the Statisticians in each State, the various State Commissioners, Secretaries, or Directors of Agriculture, who cooperate with

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Outlook Highlights

. . . DECEMBER 1953

Business and industry continued generally prosperous in recent months. Government expenditures held near the second quarter *record-high* rate, as a moderate decline in spending for national security programs was offset by small increases in other Federal and in State and local outlays.

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us in this great work, and for the small group of us here in Washington—that all of us have enjoyed working with you throughout the year. We appreciate the confidence you have placed in us and we have honestly tried to perform our part fairly and conscientiously. Every one of us extends to every one of you our sincerest hope for happiness at this season and throughout the coming year. And I would like to close by sharing with you another one of my fondest memories.

*He sprang to his sled, to his team gave a whistle
And away they all flew like the down of a thistle.
But I heard him exclaim ere he drove out of sight
"Happy Christmas to all, and to all a good night!"*

Good night folks, and may happiness and good fortune attend you.—S. R. N.

Large Block of Cattle "Diverted" *Through Beef Purchase Program*

The Government Purchase Program Reviewed . . .

UNITED STATES Department of Agriculture beef purchasing has been maintained at peak levels this fall, and by December 15 an estimated 850,000 head of lower-grade cattle will have been diverted from normal trade channels.

More than 241 million pounds of beef products had been contracted under the program through November 20, this year. About 90 percent of this amount is slated for use in school lunch operations and by other institutional outlets throughout the country. The distribution is made to these outlets with the understanding that their regular meat purchasing will be continued in normal quantities. In addition, the Foreign Operations Administration asked the USDA to procure well over 25 million pounds of products for export to Greece, Germany, and other countries in the FOA program.

Operations first got underway in March when the USDA began purchases of beef products for both export and domestic use. The USDA launched a considerably expanded buying program late in June when it became apparent that lower grade cattle would encounter price difficulties during the seasonal marketing period in late summer and fall. Two factors prompted the planning for a stepped-up purchase program . . . forced cattle marketings due to the drought this summer . . . and the estimated increased marketings this fall of other range cattle as a result of the tapering-off of the four-year build-up in cattle numbers.

Diversion Heaviest During Fall Months

The operation was tailored to have its maximum diversion effect during the peak marketing period of lower grade grass-fed cattle. While contracting for beef products was stepped-up on a weekly basis beginning

the first part of July, the program called for the cattle to be taken out of normal marketing channels in the greatest numbers during the September, October, and November period. This was accomplished by arranging for heavier deliveries of the products in these months and also by the requirement that for deliveries beyond December the cattle had been acquired by December 15.

With price problems the greatest for lower grades of cattle, the aim has been to contract for products made from U. S. Commercial and lower grade carcasses, placing the greatest emphasis on U. S. Cutter and Canner grades. The three products included in the current purchases are hamburger, frozen carcass beef, and canned beef. The specifications for hamburger call for U. S. Commercial grade carcasses. This is for domestic distribution. The canned beef which is for both FOA export and domestic programs is made chiefly from U. S. Cutter and Canner grade beef. The frozen carcass beef for FOA export is U. S. Utility grade.

Processors from all parts of the United States have participated in the beef purchase program. Bids from processors are received by USDA the first part of each week and acceptances are generally made about the middle of the week. While contracting to purchase has been on a weekly basis, the delivery of the beef products under contract has been spread over a several-month period for most products and for canned beef now extends into March.

Federal meat graders check the grades of beef used in the various products to see that they meet the USDA specifications. All purchasing is from Federally inspected slaughterers because the USDA must be able to ship the products in interstate commerce.

While the United States Department

of Agriculture uses market prices of live animals and carcass beef as a guide in determining the price to be paid for the finished product, the market prices at the time of contracting are not necessarily the only consideration. A major objective of the purchase program has been to build future demand for the lower grade cattle, and to do this by stimulating competition among processors as a means of bolstering producers' prices.

Big Percentage of Lower Grades Diverted

The canned beef to be delivered after November 1 and made from cattle purchased prior to December 15 is equivalent to 75 percent of the estimated federally inspected slaughter of Cutter and Canner cows during the period November 1 to December 14. A diversion of this size unquestionably has had a definite effect on prices in the cattle markets.

The beef products acquired are enabling schools to expand greatly the use of beef in lunches. Larger amounts of this flavorsome and nutritious food are being made available to many more children throughout the country. At the same time, exports under the FOA are providing food to the hungry in other lands. These people—both at home and abroad—are learning how good United States beef products are.

One of Several Emergency Aids

The beef purchase program was but one of the steps taken to help livestock producers during the recent months. In March, a program was initiated to move more beef into consumption. With the Department acting as a co-

ordinating agency, all segments of the industry—from cattle producers to retail food stores—undertook an intensive merchandising program to acquaint consumers with the abundant supplies of good beef at lower prices. This cooperative effort has continued this fall with marked success in emphasizing the lower priced cuts.

This year's drought caused cattle to be piled in on an already difficult marketing situation, which had been brought about by the rapid increase in the Nation's cattle herd since 1949. On January 1, 1953, the cattle on farms reached an all-time high of 94 million head. About six million head of cattle were added to total cattle numbers in both 1951 and 1952. During this period of rapid expansion—22 percent in 4 years—marketings were relatively light until late in the period.

A sharp change in cattle marketings came during 1953, when there was an abrupt shift from relatively small to very large marketings, and this came earlier than usual in the cattle cycle. About 30 percent more cattle are being slaughtered this year compared to 1952 slaughter. As a result the adjustments which normally would be spread over two or three years are apparently being made in a single year . . . and the cattle inventory at the end of 1953 is expected to be about the same as at the beginning of the year, or possibly a little smaller.

Thus the large marketings resulting from the apparent end of an upward swing in cattle numbers plus the added complications of drought has prompted the USDA to use many aids to tide cattle producers over this trying period.

H. E. Reed

Beef Purchases by Product and Program

Section 32: ¹

	Pounds
Canned beef-----	165, 430, 261
Hamburger-----	45, 293, 000
Frozen ground, diced, and chuck beef (Purchased in the spring and early summer)-----	1, 247, 000

Foreign Operations Administration:

Frozen carcass beef-----	17, 486, 000
Canned beef-----	11, 920, 040

Total beef purchased-----	241, 376, 301
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¹ Funds made available to the U. S. Department of Agriculture by Congress under Section 32 of Public Law No. 320, 74th Congress. Yearly appropriations are an amount equal to 30 percent of gross receipts from duties collected under customs laws during the period January 1 to December 30. Funds are for several uses including those to encourage additional consumption of agricultural commodities and diverting them from normal channels of trade.

Meeting Changed Conditions on Cotton Farms of the South

INDUSTRIAL expansion and plentiful urban jobs during and since World War II have helped southern cotton farmers to make a good beginning in the direction of "balanced" and more profitable farming. But if southern farmers are to approach income levels reached in other parts of the country, further adjustments are needed. And a continuation of this urban growth during the next few years is expected to play a big part in causing farmers to bring about these needed adjustments.

Each farmer must make his adjustments in the light of the various resources available to him on his own farm. Even so, a knowledge of the changes that are taking place and the forces that are at work on cotton farming in the aggregate may be helpful to him in visualizing his own plans and prospects in the years ahead.

A few years ago some people thought the South would soon have to contend with a major unemployment problem. What would become of the farm labor that was to be displaced by machines? But conditions have been such that it's the other way round. Business has been good, and wages generally have increased. Machines have not driven labor away from farms; instead, higher wages and the demand for labor in towns have drawn thousands of workers away from farms and have caused many southern farmers to buy labor-saving machinery and to change their production plans so as to get along with fewer farm hands. Moreover, industrial expansion and the growing population in towns and cities tends to increase the demand for local products that compete with cotton, such as milk, meat, eggs, fruits and vegetables.

Employees in nonfarm establishments in the 13 Southern States increased from about 6 million in 1940 to more than 10 million in 1952—an increase of more than two-thirds. Between 1930 and 1952, total population in the South increased about 27 percent. But the farm population did not

"ADJUSTMENTS ON COTTON FARMS to Meet Changing Conditions" is the title of a 21-page report, presented by farm management economists of the Bureau of Agricultural Economics at the recent Agricultural Outlook Conference in Washington. Those who want to read the more complete analysis of what has been going on in the Cotton Belt, should ask for the full report. Some of the main facts are included in the accompanying article.

increase; it actually decreased by nearly a fourth.

To the extent that we have plentiful cheap labor on southern farms, there is a tendency to continue with the one-crop system—that is to grow cotton, the crop that fits in well with plentiful cheap labor. But when labor is scarce and high priced, farmers in certain areas find they must cut down on cotton in favor of enterprises—such as dairying and beef cattle—that require less labor. In some other areas that are especially suited to cotton, where the fields are large and the land level, farmers are inclined to continue to grow cotton but more and more with the use of mechanical pickers and other labor-saving devices. Mechanical pickers, however, come into use in these advantaged areas only to the extent that hand pickers are scarce and relatively high priced. Research studies indicate that the one-row mechanical picker is about as economical as hand picking in case the hand picking rate runs as high as \$2.50 to \$3 per 100 pounds of seed cotton, provided as much as 100 bales are picked per machine.

Cotton is produced under widely varying conditions in this country. Therefore, a meaningful analysis of adjustments that farmers need to make to meet changing conditions should recognize these differences. An analysis of the trends by areas will reveal the adjustments farmers have made, and will indicate the relative competitive position of cotton among areas.

The irrigated areas of the West, the Delta areas, the High Plains area of Texas, the Lower Rio Grande Valley area, and the Brown Loam areas of Louisiana, Mississippi, and Tennessee have continued to *increase* their production. In 1948-52 these areas accounted for about 55 percent of all cotton produced in this country.

Several areas such as the Piedmont, the Blacklands of Texas and the Western Sandy Coastal Plains of Arkansas,

Louisiana, and Texas have *decreased* production from 50 to 70 percent during the last 20 years. These, plus a few other areas in the same category, accounted for about 15 percent of United States production in 1948-52.

Other areas, such as the eastern Coastal Plains and the Low Rolling Plains of Oklahoma and Texas, have *decreased* their production from 15 to 30 percent. Areas in this category accounted for about 30 percent of total United States production in 1948-52.

All groups of areas have increased per acre yields since 1928-32. But the areas that have increased production also have had the greatest step-up in yields. And, except for the High Plains, the areas that have increased production have per acre yields higher than the average for the country as a whole. Mechanization has progressed more rapidly in areas where production has been increased.

These trends, which represent the aggregate decisions of farmers in adjusting the use of farm resources to changing conditions indicate that with the price cost relationships which have prevailed, cotton's position has improved materially in some areas and weakened decidedly in others. But in the last 3 years production has been *more than sufficient to meet market outlets* at prevailing prices.

In the long run, progress in cotton mechanization and nonfarm employment opportunities will hold the key to the future of cotton's competitive position for farm resources and its place in farming systems. The rate at which these forces operate will be conditioned by general economic conditions at home and abroad. If nonfarm employment opportunities and cotton mechanization move along together, farming adjustments will move more rapidly than if one gets out of step with the other. And progress in cotton mechanization will be more rapid if nonfarm employment is readily available than if it is limited.

Cotton farmers may be divided into two broad groups with respect to their ability to adopt practices that reduce labor requirements per unit of cotton produced: (1) Farmers who can take full advantage of laborsaving techniques, and (2) farmers who will find

it difficult or uneconomical to adopt these techniques.

Farmers in the first group, that is, those well adapted to labor-reducing technology, may find it profitable to continue to emphasize cotton or even to expand the cotton enterprise over a period of time. Some farmers in areas adapted to mechanization but whose farms are too small to own key machines such as cotton-pickers, may find it advisable to increase the size of their farms. In such areas custom use (*hiring*) of key machines also may prove advantageous for operators of smaller farms. This does not mean that all of the cropland should be in cotton. Land selection, crop rotations, and other conservation practices will need consideration.

Farmers in the second group, that is, those who cannot benefit by cotton mechanization, might emphasize beef and dairy enterprises as many have already done. Some might eliminate cotton completely from their farming systems. Others might continue to grow the acreage of cotton that the resident labor force can handle along with a livestock enterprise.

What Can Farmers Do About It Next Year?

These are some of the main points dealing with the long-term prospects for the cotton South. What about adjustments for next year?

For 3 consecutive years the cotton crop has stood at more than 15 million bales annually. Carryover on August 1, 1954, probably will be close to 9 million bales. Acreage allotments and a marketing quota of 10 million bales have been proclaimed for 1954 for upland cotton. (*The marketing quota is subject to the vote of cotton farmers on Dec. 15.*) This would mean a sizable reduction in acreage of cotton compared with the acreage planted during the last 3 years. Thus, the big question is: What to do with the resources diverted from cotton? The use of land and labor diverted from cotton will depend largely on the alternatives available to the individual farmer. But the shifts to be made in 1954 should be considered in light of the adjustments that seem desirable over a period of years. *If the farm is in an area where pasture and livestock have*

greater income possibilities than cotton, a start on such a program can be made in 1954.

Adjustments To Vary With Size and Location of Farm

Farms are not all alike. And the ability of farmers to make good use of the resources diverted from cotton next year will vary, especially by size and location of farm.

The following alternatives may be worth consideration by operators of small cotton farms: (1) enter into a nonfarm occupation, (2) supplement farm income with income from part-time nonfarm jobs, (3) increase feed production and add a few more hogs, (4) increase poultry, (5) produce more food for home use, (6) improve quality of cotton, and (7) a limited number of farmers might produce small fruits or vegetables for local markets.

Operators of large and medium-sized farms are confronted by two considerations which influence the immediate use of resources diverted from cotton production: (1) Their desire to obtain income from the diverted resources next year and (2) how the adjustments made next year will fit into longer range plans for their farming systems. Large and medium-sized farms may be divided into two groups based on probable future emphasis on cotton in the farm system: (1) Farms on which the competitive position of cotton for farm resources is declining, and (2) those farms on which the competitive position of cotton is improving. Perhaps the chief difference in these two groups is their adaptability to improved technological developments affecting cotton and pasture production.

Farmers in the first group have two types of alternatives: (1) They might use the land diverted from cotton to produce cash crops such as soybeans, grain sorghum, oats, corn, or hay in an effort to get as much income as possible from the diverted acres next year. The crop or crops selected would depend on the land and equipment available; (2) they might use all or part of the resources diverted from cotton to speed up adjustments toward their longer range systems of farming. The extent to which these farmers adopt the first or second of these alternatives

will depend to a large extent upon their individual financial circumstances.

The reduction in acreage of cotton, because of acreage allotments, will have to be greater on many farms than might have occurred in one year in the longer term plans. But the adjustment is in the same direction. Therefore, it would appear feasible for such farmers to invest some money next year to facilitate desirable longer term adjustments. For example, if the farm is located near a good grade A milk market the farmer might use part or all of the acreage diverted from cotton to develop pastures. He might buy a few heifers and start growing into the dairy business. Likewise, a farmer who plans to increase emphasis on beef cattle might also develop pastures and start a beef herd or increase his present herd as more feed is provided. Although cattle prices are now low the longer term outlook is favorable. The prices of brood cows and feeders in September 1953 were only about half as high as in September 1951. Therefore, this appears to be a good time to start in the beef cattle business if adequate pasture and feed can be provided economically and if beef cattle fit well into the farming system.

Farmers whose longer term plans call for continued or increased emphasis on cotton must keep the land in shape for cotton in future years. Such farmers, therefore, might not be justified in making longer term capital commitments in order to use the acreage diverted from cotton. Farmers in the South, whose longer term plans call for continued or increased emphasis on cotton, might grow soil-improving crops on some of the land diverted from cotton. The desire for income next year will determine the extent to which this is feasible. Therefore, many farmers will consider it advisable to produce cash crops such as soybeans, oats, grain sorghum, corn, and hay. The crop chosen will depend largely on the type of land diverted and the equipment available. *All farmers who grow cotton in 1954 will find it more important than ever to reduce costs and increase efficiency in every way feasible.*

*E. Lee Langsford and
Marshall A. Thompson*

To Keep Up With the Joneses You'd Better Look Twice

FARMERS are doing things differently in the South. Big changes have taken place within the last few years.

Lee Jones, R. F. D., Southland, back in 1940 farmed 160 acres of fair land and made a good living for his family of five—his wife, his two sons, his daughter, and himself. There were some bad years, of course, but with his two muscular sons, now almost grown, Jones could keep up with the work without calling on outside help, except during an occasional rush at planting, cotton chopping, or harvest time. A dependable supply of capable farm labor was available on call. Three teams of mules provided all the farm power Jones needed. He farmed about the same in 1940 as in 1920 when he took over the place. He saw no reason to change.

War and Scarce Labor Bring Changes

In the spring of 1941 his older boy joined the Navy. Hoe hands were hard to find that spring. Jones could see trouble ahead when the weeds would get into his cotton and corn and the labor pinch tightened. So he bought a 1-row tractor. In effect, the tractor displaced four mules and the boy in the Navy. Jones sold the animals he no longer needed. He kept one team as a measure of safety, mixed a trifle with sentiment.

Reducing his cotton and corn acreage the following year, Jones traded in his 1-row tractor for a 2-row machine. With more of his farm in pasture he started a beef project, buying a half dozen cows at the beginning.

Two years later Jones rented eighty acres from a neighbor and bought more cows and a registered bull. By the time his younger boy was called up for active service in the Armed Forces in 1944 the pinch was really on local labor. Jones was competing for workers with war plants in Detroit and on the West Coast. The factories were paying higher wages than he could afford.

But with more machines Jones found he could keep up with his work, even expand acreage and production. The new mechanical tools at his disposal did something more for Jones than merely take the place of human hands and mule power. They enabled him to get things done quickly when timing was of the essence of a successful operation in the farm work. With his tractor-drawn cultivator he could keep the weeds out of his corn and cotton between rains, and in a fraction of the time it took with mule-drawn equipment. And electric power around the barn cut chore time in half.

So his mechanical hired men put extra time at his disposal for expansion in new directions. The time saved made possible his pastures and beef cattle.

In 1945 he bought the 80 acres he had been renting; by that time his herd had expanded to 30 mother cows. He could still grow as much corn and cotton as in 1940, and by using improved seed and fertilizer, he was getting higher yields than ever before. By 1952 Jones's farm was double the size of his 1940 place. With only a fraction of the human labor that he had used a dozen years earlier, he now produced on his 320-acre farm a third more than the same land yielded in 1940.

We cite Farmer Jones as a symbol, not a statistic. But what our imaginary farmer did between 1940 and 1952 tens of thousands of others, more or less like him, did in much the same manner. They modified their farming operations to fit the changing times.

A tally of the total change that took place in the 12-year period indicates the effect of the technological revolution on southern agriculture from 1940 to 1952.

In 13 Southern States the number of farm workers declined by more than a million, but total farm output in-

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How's the Title to Your Farm Held?

THE WAY in which the title to your farm real estate is held has an important effect upon the way in which you may use or dispose of it, and upon whether it will become a part of your estate on your death. There are also tax matters and other factors to consider.

Since laws vary from State to State, and every farmer has a situation more or less different from his neighbor's, only competent legal advice can help you determine the best way to handle your situation. It may be helpful, however, to describe briefly some of the more common ways in which title may be held.

One way to hold title may be called *sole ownership*. This means you hold title to your real estate solely in your own name. While there are some exceptions, if you own property in this manner you may use the property about as you wish, mortgage it, or convey it to another by sale, gift, or other method of transfer. Or you may control its disposition on your death, with certain restrictions, by leaving a will. If you die without doing any of these things, the property becomes a part of your estate and will be disposed of as provided by the State laws of descent.

In some cases, however, you may hold merely a *life estate* in the farm real estate, with someone else holding the "remainder" interest in the property. In this case, you have the legal right to use or rent out the property during your life (with some limitations, particularly with respect to the use of timber and mineral deposits). But with only a life estate, your right to convey or mortgage the property is generally restricted to your life interest, which is not readily marketable, and the property would *not* become a part of your estate on your death. The person holding the *remainder* interest would acquire complete ownership.

Let us now consider some of the ways in which 2 or more persons may hold full title to farm real estate as *coowners*.

Tenancy-in-Common

One of the most common types of co-ownership is that called "tenancy-in-common," a term which, by the way, has nothing to do with landlord-tenant relations. This kind of title exists, for example, between two or more heirs who have inherited farm land together. Each coowner acquires an *undivided share* rather than any specific part of the property. All are equally entitled to possess and use the property, even though their shares may be unequal. But if one coowner is allowed to occupy and operate the farm by himself he ordinarily, in the absence of some agreement, would not have to pay the others anything for using the property. On the other hand, he usually would not be entitled to be repaid for his expenses.

One coowner generally cannot grant a lease which will bind the others without their consent. He may separately convey or mortgage his undivided interest, although it may be hard to find a buyer for such an interest (unless, of course, all coowners act together to convey the property as a whole). Or his undivided interest may descend to his heirs or be transferred by his will on his death. Any one coowner may generally start *partition* proceedings in court at any time, to have a part of the property set off to him as his share. In most States, however, the property may be ordered sold and its proceeds divided, rather than to permit physical division—if such division would reduce the value of the property, or for certain other reasons.

If partition proceedings are held, certain adjustments may be permitted in dividing up the property or its proceeds to help equalize the benefits received, particularly where one of the coowners has substantially improved the property. But one who makes such improvements cannot be certain that he will ever be compensated for them unless he has received a written agreement from the others.

Joint Tenancy

In many States, real estate may be owned jointly by two or more persons in "joint tenancy," with survivorship rights. The one who lives the longest gets the property on the other's death.

This type of coownership usually exists between a husband and wife, but it also may exist between a father and son, or between other persons. Under this type of coownership each coowner necessarily holds an *equal* undivided share. If one dies his interest is automatically abolished and the property goes entirely to the surviving coowner or coowners. An heir, unless he happens to be a coowner, gets none of the property. Moreover, *one joint tenant cannot defeat the other's rights of survivorship by making a will*. He might, however, specify in his will that his coowner shall not be permitted to take *other* property under his will unless he or she waives this right of survivorship. This would force the surviving coowner to choose between his survivorship rights under the joint tenancy and the property left him under the will.

Except for these important differences, joint tenancy has about the same legal consequences as tenancy-in-common. The rights and duties of joint tenants with respect to the use of the property are similar, and it is possible in most States for either a joint tenant or tenant-in-common to separately mortgage or transfer his or her undivided interest by deed, or require partition proceedings. Such an interest, however, is not readily marketable—particularly where the coownership is between a husband and wife. Not only may it be rather difficult to find a buyer, but the signature of one's spouse may be necessary to release dower, curtesy, or homestead rights. While in many States dower or curtesy rights do not attach to property held in *joint tenancy*, the surviving spouse may sometimes have homestead rights in the property. Moreover, it would be most difficult for one spouse to sell his or her interest to an outsider, or to begin partition proceedings, without disrupting marital harmony.

The transfer of one's undivided interest by deed, if accomplished, would usually destroy the *joint tenancy* relationship. The one acquiring his interest would become a *tenant-in-common* with the other coowner, with no rights of survivorship between them. (Although, if there had been three or more joint tenants, the joint tenancy

would continue as between the remaining joint tenants for the share they own.) Partitioning the property would also destroy the joint tenancy, and in a few States simply mortgaging one's interest may have this effect.

It may be noted, however, that in a number of States the deed or will which creates joint ownership may be so worded that the coowners share only a *life estate* in the joint property with the proviso that upon the death of either the one who survives shall have complete ownership of the property. Under this arrangement, neither acting alone could destroy the other's survivorship rights.

Tenancy-by-the-Entirety

In a number of States a type of coownership called "tenancy-by-the-entirety" is permitted. This type of ownership may exist *only between a husband and wife*. It is similar to joint tenancy, each spouse having rights of survivorship, but differs in some respects. In several States it is not possible under this type of ownership for either spouse to separately sell or otherwise transfer or mortgage his or her undivided interest, or require partition proceedings. Nor, in some States, would property so held be liable for the separate debts of either spouse, except where it was placed in tenancy-by-the-entirety to defraud creditors. In a few States the husband alone would have the right and duty to take charge of the property.

In most States property held in either joint tenancy or tenancy-by-the-entirety does not become tied up in any lengthy estate proceedings when one coowner dies. But the surviving coowner may be required or may want to obtain and put on public record a document showing that he is the survivor. To completely avoid estate proceedings, however, nearly all of one's property—both real and personal property, including cash in bank—would need to be held in joint ownership with survivorship rights.

Continuation of such joint ownership between a husband and wife may often postpone any eventual transfer of the property to one or more of the children—this being left up to the surviving spouse. It should also be noted that if a father and son hold title in

joint tenancy, the son would get everything if the father dies first, but the son's family may get nothing if the son happens to die first.

How Types of Coownership Differ *

	Tenancy-in-Common	Joint Tenancy	Tenancy-by-Entirety
Between Whom?	Any 2 or more persons	Any 2 or more persons	Husband and wife only
Each coowner— • may deed or mortgage his interest	Yes	Yes	No
• may ask for partition	Yes	Yes	No
• may devise (will) his interest	Yes	No	No
Disposition of one's interest on death	To his heirs or devisees	To surviving co-owner or coowners	To the surviving spouse

*Above diagram may serve to clarify some of the differences and similarities in 3 common types of coownership. But remember, this is a many-sided subject and there may be qualifications and exceptions in your State. These, of course, can't be shown in a simple illustration.

Community property laws—which apply to the property of *husband and wife*—are in effect in Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington.

In general, these laws provide that all property, real or personal, acquired by either spouse during the continuance of the marital relation—other than by gift, descent, or by will to either alone—becomes *community property*. But there are important exceptions to this general rule in some States. Moreover, in a number of States a married couple may by contract (if properly drawn up) provide that the property each acquires during the marriage shall remain his or her own separate property.

Regardless of which spouse holds the paper title to real estate, if it becomes part of the community property it will be treated by law as the common property of both husband and wife. On the death of either, his or her half of the community property generally becomes a part of his or her estate—usually subject, however, to certain special rights of the surviving spouse. In some States the survivor may take it all, depending on whether the wife or husband survives, or the value of the property. While the husband generally is given the right to manage and use such property, in most States he cannot separately transfer or mortgage any part of the community *real estate*.

Consider Tax Consequences

The tax consequences of different types of ownership, particularly joint

tenancy and tenancy-by-the-entirety, should be taken into account. This may include Federal and State death and gift taxes, and income taxes (on capital gains). In some cases, especially where a wife or child acquires joint ownership with survivorship rights as a *gift*, there may be important tax liabilities in such joint holdings. Among the things to watch here is the possibility of an unusually high Federal capital gains tax in the event that the surviving coowner decides to sell the property.

A competent lawyer should be employed to carry out the legal formalities needed to establish each type of ownership. In many States, for example, a deed will be construed to create a tenancy-in-common rather than a joint tenancy unless the deed expressly provides either that a joint tenancy is intended, that survivorship rights are intended, or perhaps both (except that in some States this does not apply to a deed to husband and wife). *In a few States, neither joint tenancy nor tenancy-by-the-entirety is permitted and it may not ordinarily be possible to create survivorship rights at all.*

Every deed to a husband and wife is presumed to create a tenancy-by-the-entirety in most of the States where this type of coownership is permitted. But in some States they would become simply tenants-in-common, without survivorship rights, if a husband already owning property deeds it to himself and his wife. To create either a tenancy-by-the-entirety or a joint tenancy in such States, he has to deed the property to a so-called “strawman,” who deeds it back to the husband and wife.

This discussion has dealt with some of the more common ways in which title to farm real estate may be held. There are other ways of holding title in many States, including placing it in the name of a partnership or corporation. For the protection of yourself, your family, and the farm itself, you would do well to become fully acquainted with the legal and tax consequences of the way in which title to your farm is, or might be, held.

Harold H. Ellis

Selling Oranges For Processing

Methods of Payment to Florida Growers

DURING the last 10 years production of oranges in Florida increased rapidly and probably will continue to increase for the next few years. The form in which the fruit is marketed has changed too. A few years ago most oranges went to market in the fresh form. Today, much of the crop is marketed as frozen concentrated juice.

The processing of concentrated orange juice has become big business. The raw fruit used for this purpose is bought from growers, truckers, and fresh fruit packinghouses. Most of it comes directly from growers but truckers are also an important source of supply. Truckers are also important to small growers because of the capital investment and services the truckers provide.

How are growers paid for the oranges they sell to processors? What are the advantages to them of the different methods of payment?

To learn the advantages or disadvantages of these methods to both growers and processors, the *Bureau of Agricultural Economics* and *The Farm Credit Administration* made a study under authority of the *Agricultural Marketing Act of 1946*. The resulting report, "Acquiring Citrus Fruit for Concentrating by Processors in Florida," was recently issued as Miscellaneous Report 173 of the Farm Credit Administration.

The Cash Method of Payment

Four types of cash payments are used by processors:

(1) The grower is paid cash for his oranges at the daily market price when he delivers them or has them delivered to the processor.

(2) A processor may contract in advance for a grove of fruit. In this case, he pays the daily market price when the fruit is delivered to his plant.

(3) A processor may contract with

a grower in advance for his fruit at a fixed price per box, either "on the tree" or delivered to the plant.

(4) A processor may contract with a grower in advance for his grove for a lump sum that is agreed upon at the time the contract is made.

Most of these types of cash payment shift a large part of the financial risk from grower to processor. Once a grower has delivered his fruit to the plant or has sold it on the tree, changes in the retail price of the concentrated juice do not affect his returns.

Processors may either gain or lose because of their advance contracts. They usually carry in processed form for a considerable time a large part of the fruit they accumulate. Changes in the retail price of the concentrated juice may mean either windfall profits or financial loss. But they are assured of enough oranges of the kind they want during the processing season.

The Cooperative Method

Florida growers who belong to citrus cooperatives share in the risk of manufacturing and marketing the frozen concentrated orange juice. Any change in the retail price of the concentrated juice is reflected in their returns. From the time the crop is produced until the juice is marketed, there is no shifting of financial risk by "Co-op" members.

But suppose a cooperative enterprise and a commercial one are equally efficient. In this case, returns to members of the cooperative over a period of time should be somewhat larger than returns to growers who sell for cash. A member of a cooperative bears part of the cost of capital investment. A grower who sells for cash has no such cost. The cooperative member should be paid for this cost and of course he receives a return on the cooperative's processing and selling operations. He should also receive something for the risk he bears, although the costs of risk bearing are probably the same for both types of enterprise and returns to cover them would tend to balance out over a period of years.

Grower Participation

Some oranges are sold to private processors under the grower participa-

tion plan. The idea here is to let growers and concentrators share both risks and profits. Under such a plan, final returns to growers are determined by (1) the price at which the juice sells; (2) the processing and marketing costs of the particular processor to whom the fruit is delivered; (3) the way in which the costs and profits are shared; and (4) under some conditions, the size of the initial payment to growers.

The grower participation plan has at least one shortcoming—the lack of any definition of what is included in the costs of processing and marketing the juice. Reliable estimates of such costs would considerably strengthen these grower participation contracts.

Under grower participation, the grower is assured a market for his fruit. His returns in any given season may be either higher or lower than those of growers who sold their fruit under an outright purchase arrangement. There are also advantages for the processor. He is assured a fixed supply of fruit of a certain quality; he needs less working capital; he is allowed more flexibility in pricing the juice; and usually his financial risk is decreased.

One of the main advantages of the grower participation plan may be the spreading or sharing of marketing risks and therefore reduction of the overall risk and its costs. Because of this advantage, the marketing mechanism between producers and consumers could function more smoothly; and possibly returns to producers and prices to consumers could be smoothed somewhat.

*William S. Hoofnagle and
J. S. Samuels*

Outlook Highlights

(Continued from page 2)

Outlays of businessmen for new plant and equipment reached a peak in the third quarter but are expected to taper off a little in the latter part of this year. Construction in October reached a new high for the month. Industrial production is running only a little below the unusually high level of the first half of the year, and fewer workers than usual are without jobs.

High Consumer Income

Personal income, after taxes, in the first 3 quarters of this year has been at

an annual rate of \$1,553 per person, compared with \$1,497 per person in '52. Expenditures per person this year have been at the rate of \$1,441, 4 percent above last year. Of this, food expenditures have made up \$409 per person. This is up \$3 from last year.

Livestock and Meat

The seasonal peak in hog marketing has been passed and prices have turned upward. During the increase in marketings from the spring pig crop, hog prices declined seasonally in October and November from the September peak. They are expected, however, to stay higher this winter than a year earlier.

Fewer cattle are expected to go on feed this season. Movement into 9 Corn Belt States, July–October, was down about a fourth from a year earlier. Sheep and lamb feeders also are fattening fewer animals for winter and spring markets.

Dairy Products

Milk production has been declining seasonally and output of manufactured products has been below the rate of consumption as usual at this time of the year. Relatively little butter has been sold to the Government under the price-support program, but cheese and dry milk sales have continued moderately large.

Poultry and Eggs

Egg production in each of the last 5 months has been above a year earlier. The rate of output on November 1 was 9 percent above a year earlier. By early November, wholesale prices were below those of the same period in 1952.

Prices of small turkeys had by mid-November risen but prices for large toms were weak. Broiler prices in several producing areas in early November were at the lowest levels of the year.

Fats and Oils

With the smallest crop since 1949 in prospect, soybean prices have risen to the support level. Cottonseed prices in November were about at support while flaxseed prices were below. Prices of all three oilseeds are below a year ago.

Feeds

Early maturity of the 1953 corn crop brought an early seasonal decline in

(Continued on page 16)

To Keep Up With the Joneses You'd Better Look Twice

(Continued from page 8)

creased by nearly a third and labor output per man-hour rose almost 50 percent.

Sharecroppers decreased by some 200,000 or 36 percent, and the number of other tenants dropped by 330,000 or 38 percent.

While this was happening, the number of farms in the South decreased by 330,000 or nearly an eighth, and the number of tractors on farms increased by nearly 300 percent.

Associated with these changes was a sharp upward swing in farm wage rates. The average rate for farm work in the South increased nearly four times.

Yet out-of-season unemployment in

1952 was fairly common in parts of the region. BAE and other Government agencies studied several localities in 1952 and found as many as a third of the workers in villages, towns, and cities unable to get off-season jobs up to two months in the year. And even the heavy outmigration of 1940-52 failed to relieve entirely the population pressure on the land.

Improved information services would better the manpower situation. To *get the man and the job together with the least waste of time* is a task to be undertaken as a team . . . by farm employers, workers, and Federal and State employment services. It means money in the pockets of farmers and workers alike, as well as food and fiber at the lowest cost for all the people.

Charles E. Rogers

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. A average of reports covering the United States weighted according to relative importance of district and State]

Commodity	Average		Nov. 15, 1952	Oct. 15, 1953	Nov. 15, 1953	Effective parity price Nov. 15, 1953 ¹	
	Base period price ¹	January 1947- Decem- ber 1949					
Basic commodities:							
Cotton American upland (pound).....	cents.	¹ 12.4	31.21	34.05	32.46	31.82	34.35
Wheat (bushel).....	dollars	¹ 884	2.14	2.13	1.94	2.00	2.45
Rice (cwt.).....	do.	1.92	5.38	6.09	5.40	5.28	5.32
Corn (bushel).....	do.	¹ 642	1.64	1.45	1.34	1.33	1.78
Peanuts (pound).....	cents.	¹ 4.8	10.2	10.8	10.9	10.9	13.3
Designated nonbasic commodities:							
Potatoes (bushel).....	dollars	¹ 573	1.60	2.18	.897	.916	1.59
Butterfat in cream (pound).....	cents.	26.7	71.2	72.3	65.7	66.8	74.0
All milk, wholesale (100 lb.) ⁶	dollars	1.68	4.42	5.33	4.61	⁷ 4.75	4.65
Wool (pound).....	cents.	⁵ 21.0	46.0	52.9	53.2	52.1	58.2
Other nonbasic commodities:							
Barley (bushel).....	dollars	.488	1.37	1.43	1.12	1.13	1.35
Cottonseed (ton).....	do.	25.90	71.60	69.70	52.40	53.40	71.70
Flaxseed (bushel).....	do.	1.62	5.54	3.75	3.51	3.58	4.49
Oats (bushel).....	do.	.317	.852	.845	.727	.745	.878
Rye (bushel).....	do.	.605	1.82	1.79	1.15	1.17	1.68
Sorghum, grain (100 lb.).....	do.	¹ 1.21	2.53	2.82	2.19	2.18	⁹ 2.68
Soybeans (bushel).....	do.	.996	2.84	2.71	2.41	2.60	2.76
Sweetpotatoes (bushel).....	do.	.964	2.36	3.17	2.33	2.32	2.67
Beef cattle (100 lb.).....	do.	7.54	20.20	20.30	14.70	14.70	20.90
All chickens (pound).....	cents.	11.0	29.3	26.7	23.3	23.6	30.5
Eggs (dozen).....	do.	⁴ 21.5	46.6	51.9	53.3	49.7	⁹ 47.7
Hogs (100 lb.).....	dollars	7.26	21.90	16.60	21.30	20.00	20.10
Lambs (100 lb.).....	do.	8.19	21.90	20.80	16.60	17.20	22.70
Calves (100 lb.).....	do.	8.39	22.60	21.50	14.30	15.00	23.20
Oranges, on tree (box).....	do.	⁸ 2.29	1.23	1.01	.98	1.24	⁹ 3.26
Apples (bushel).....	do.	.996	2.39	2.81	2.84	3.02	2.76
Hay, baled (ton).....	do.	⁴ 11.87	22.40	26.00	21.20	22.00	⁹ 26.30

¹ Adjusted base period prices 1910-14, based on 120-month average January 1943-December 1952 unless otherwise noted.

² Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.

³ 60-month average, August 1909-July 1914 for all cotton.

⁴ 60-month average, August 1909-July 1914.

⁵ Adjust base period price 1910-14 derived from 10-season average prices 1943-52.

⁶ Prices received by farmers are estimates for the month.

⁷ Preliminary.

⁸ 10-season average 1919-28.

⁹ Transitional parity, 80 percent of parity price computed under formula in use prior to Jan. 1, 1950.

Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39=100) ¹	Total personal income payments (1935-39=100) ²	Average earnings of factory workers per worker (1910-14=100)	Wholesale prices of all commodities (1910-14=100) ³	Index numbers of prices paid by farmers (1910-14=100)			Index numbers of prices received by farmers (1910-14=100)			
					Commodities	Wage rates for hired farm labor ⁴	Commodities, interest, taxes and wage rates ⁵	Livestock and products			
								Dairy products	Poultry and eggs	Meat animals	All live-stock
1910-14 average.....	58	-----	100	100	100	100	100	100	100	100	100
1925-29 average.....	98	-----	232	143	151	184	161	161	155	145	152
1935-39 average.....	100	100	199	118	124	121	125	119	108	117	115
1947-49 average.....	185	294	462	225	240	430	250	275	224	334	291
1950 average.....	200	330	518	232	246	425	256	247	181	340	278
1951 average.....	220	370	563	258	271	470	282	284	226	411	335
1952 average.....	219	393	592	251	273	503	287	302	203	353	307
1952											
November.....	234	4.04	613	249	268	-----	282	318	238	310	295
December.....	235	4.09	628	246	267	-----	281	309	221	291	280
1953											
January.....	236	409	622	247	267	514	284	296	218	303	281
February.....	240	409	620	246	264	-----	281	286	206	305	277
March.....	243	413	627	247	265	-----	282	277	216	301	274
April.....	241	412	622	246	264	508	280	264	218	299	270
May.....	240	415	624	247	264	-----	280	257	218	317	277
June.....	240	417	624	246	260	-----	277	254	213	299	267
July.....	232	419	623	249	261	514	279	261	223	318	280
August.....	235	418	625	248	262	-----	279	267	230	305	276
September.....	232	4.16	619	249	259	-----	277	274	231	299	276
October.....	232	-----	625	248	258	515	276	283	236	273	267
November.....	-----	-----	-----	-----	259	-----	277	289	225	267	263

Year and month	Index numbers of prices received by farmers (1910-14=100)								Parity ratio ⁷
	Crops							All crops and live-stock	
	Food grains	Feed grains and hay	To-bacco	Cotton	Oil-bearing crops	Fruit	Truck crops		
1910-14 average.....	100	100	100	100	100	100	-----	100	100
1925-29 average.....	141	118	169	150	135	146	145	143	148
1935-39 average.....	94	95	172	87	113	95	95	99	107
1947-49 average.....	246	223	384	262	319	195	214	246	270
1950 average.....	224	187	402	280	276	200	185	232	256
1951 average.....	243	220	436	335	339	193	239	264	302
1952 average.....	244	227	432	309	296	195	254	267	288
1952									
November.....	248	213	412	288	300	195	238	257	277
December.....	247	218	428	268	300	206	256	257	269
1953									
January.....	245	214	419	252	291	208	237	251	267
February.....	240	206	424	255	287	209	237	247	263
March.....	246	208	424	266	291	215	248	253	264
April.....	244	206	424	266	289	226	204	247	259
May.....	242	205	426	268	285	224	182	243	261
June.....	222	198	425	266	280	253	270	251	259
July.....	218	197	426	269	268	207	216	237	259
August.....	215	198	430	277	262	205	221	237	258
September.....	219	200	452	279	251	221	159	234	256
October.....	223	187	439	274	255	214	175	231	250
November.....	229	188	433	268	263	219	186	234	249

¹ Federal Reserve Board; represents output of mining and manufacturing; monthly data adjusted for seasonal variation.
² Computed from reports of the Department of Commerce; monthly data adjusted for seasonal variation.
³ Bureau of Labor Statistics.
⁴ Farm wage rates simple averages of quarterly data, seasonally adjusted. ⁶ Revised.
⁵ Revised to reflect revisions in the interest and tax indexes.
⁷ Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis. Revised to reflect revisions in the interest and tax indexes.

Outlook Highlights

(Continued from page 13)

prices. In mid-October, farmers were getting an average of \$1.33 per bushel, 27 cents below the national average support level. Large quantities are expected to go under the loan program which would strengthen prices later in the marketing year. The index of prices received by farmers for feed grains was 11 percent below a year earlier in November. The wholesale price index for high-protein feeds was off 23 percent. Both indexes are about the lowest in 3 years.

Wheat

About 350 million bushels of 1953 wheat had gone under the support program through mid-October compared with 312 million bushels in the same period of last season. Total going under support from last year's crop was 462 million.

On November 30th, cash winter wheat prices were 24 cents higher than on August 10, just before the vote on marketing quotas. Spring wheat prices were 30 cents above August 19, low point of the season.

Tobacco

Farmers produced about 12 percent less burley tobacco than last year but increased stocks raise the total supply a little above 1952-53. Most of the flue-cured crop has been marketed. Prices through mid-November averaged 8 percent above last season's average.

Wool

About 15 percent more wool was used by domestic mills in the first 8 months of this year than a year earlier. U. S. stocks were reduced as imports dropped about a fifth.

Cotton

The prospective cotton crop has improved. Estimate Nov. 1 placed total supply for the season at 21½ million running bales, a postwar high. With disappearance expected to be about 12.6 million bales, the carryover next August 1 will be close to 9 million bales.

This is about as much as is used by domestic mills in a year.

Cotton Referendum Dec. 15

BECAUSE the total supply of cotton exceeds the normal supply by about 5 million bales, Secretary of Agriculture Benson, as required by law, has set a national acreage allotment for 1954 upland cotton; and has proclaimed a national marketing quota of 10 million bales. Marketing quotas are subject to a referendum to be held in each upland cotton producing county on Dec. 15, 1953. To become effective, marketing quotas must be approved by at least two-thirds of the farmers voting.

All farmers who grew upland cotton in 1953 will be eligible to vote in the referendum. Check with your county committee for full information.

UNITED STATES
DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
WASHINGTON 25, D. C.
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300
(GPO)